

RECREATIONAL FEE DEMONSTRATION PROGRAM

Progress Report to Congress

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Recreational Fee Demonstration Program

Annual Report to Congress

I. Executive Summary

Congress initially authorized the Recreational Fee Demonstration Program to begin on October 1, 1995 and to end on September 30, 1998, and subsequently extended the program to operate through FY 2001. The program authorizes the National Park Service, Bureau of Land Management, U.S. Fish and Wildlife Service, and the USDA Forest Service to implement and test new fees across the geographic and programmatic spectrum of recreation sites that they manage. Importantly, the program allows the

participating agencies to retain all of the demonstration project revenues, and to retain at least 80 percent of the revenues at the sites where they are collected. These revenues yield substantial benefits because they provide on-the-ground improvements at local recreation sites.

As of September 30, 1998, there were 100 National Park Service demonstration projects, 68 Bureau of Land Management projects, 77 U.S. Fish and Wildlife Service projects, and 67 USDA Forest Service projects. The agencies collected \$180.2 million in revenues from all recreation fee sources during FY 1998, an increase of \$33 million, or 22.4 percent, over the previous year. In two years under the Recreational Fee Demonstration Program, the agencies have approximately doubled revenues over levels that existed before the program began. Further increases may result in the future as the agencies implement the program more efficiently, and as they implement more fee demonstration projects.

The uses of the new revenues vary from agency. The National Park Service uses the new revenues to address priority needs in maintenance, infrastructure, and resource management, and to enhance visitor services. The U.S. Fish and Wildlife Service uses the funds to improve visitor services and facilities, such as boat docks and ramps, auto tour routes, information kiosks, exhibits, signs, brochures, and trail guides, and to reduce the maintenance backlog. The Bureau of Land Management is improving campgrounds, parking areas, visitor services, site access, safety and health services, and environmental protection. The USDA Forest Service is using the funds to provide quality recreation settings, reduce maintenance backlogs, and provide enhanced public services. The actual expenditure of fee revenues on priority needs has lagged behind the collection of those revenues, as one would expect during the initial years of a demonstration program. The agencies expect to apply fee revenues to priority projects more quickly in future years.

Visitation by the public to the vast majority of fee demonstration sites does not appear to have been negatively affected by increased or new fees. Public acceptance of the fee program remains high, particularly with the provision for retaining the majority of the fee revenues at the site where they are collected. Visitor surveys conducted in 1998 by the National Park Service indicated that about 83 percent of the respondents were either satisfied with the fees they paid, or thought the fees were too low. Eighty-six percent of respondents to the U.S. Fish and Wildlife Service survey considered entrance fees they paid as "about right." A Bureau of Land Management visitor survey indicated that the majority of respondents considered the fee to be "about right." Sixty percent of the respondents in a USDA Forest Service survey indicated high to neutral acceptance of fees on public lands.

The costs associated with collecting the fees vary widely as a percentage of revenue, depending on factors such as the absolute number of visitors, the distribution of visitors over time, the need for capital expenditures, the fee collection method employed, and whether fees had been collected at the site previously. In general, collection costs early in the test period are higher for new fees than for established fees, because of one-time capital expenditures and initial organizational costs that are necessary to implement a new fee. The agencies are working to reduce the cost of collecting fees.

The flexibility provided to the agencies has resulted in innovative approaches to fee collection, and a high level of responsiveness to the public in the design and implementation of fee programs. The ability to retain funds for recreation improvements at the sites where they are collected gives agency personnel a strong incentive to include the public in decisions to generate revenues for improving recreational services and facilities. This flexibility is the source of public support for the fee program.

A number of issues continue to affect the implementation of the Recreational Fee Demonstration Program. These include:

- **Need for Long-term Authorization.** Absent permanent authority for what is now a temporary Recreational Fee Demonstration Program, managers appear to be reluctant to undertake long-term investments in capital and staff that allow the program to function in the most efficient manner.
- **National Recreation Passes.** Establishment of the new National Park passport adds complexity to national fee programs, and requires greater coordination among the agencies to reduce public confusion about its relationship to the Golden Eagle passport.
- **Innovation and Coordination.** There appear to be advantages to the public in establishing fee arrangements that allow visitors access to an integrated pass. During FY 1999, the agencies plan to review all Recreational Fee Demonstration Program sites, and to determine where coordinating and consolidating fees is feasible and appropriate.
- **Cost of Collecting Fees.** Fee collection costs vary significantly among demonstration projects for a variety of reasons. The agencies are working to develop the most effective approaches for reducing the costs of fee collection relative to fee revenues.
- **Reconciling the Recreational Fee Demonstration Program with Previous Statutes.** A number of situations have arisen in which existing legislative restrictions have resulted in the implementation of the Recreational Fee Demonstration Program in a manner different from what was intended. Implementation of the program would improve if these situations could be clarified through new legislation.

II. Introduction

Background

Congress authorized the Recreational Fee Demonstration Program in section 315 of the Omnibus Consolidated Rescissions Act of 1996 (P.L. 104-134) and amended the program under Public Law 104-208, Public Law 105-18, Public Law 105-83, and Public Law 105-277. Four federal land management agencies--the National Park Service, Bureau of Land Management, and U.S. Fish and Wildlife Service in the Department of the Interior, and the Forest Service in the Department of Agriculture -- were mandated to implement a Recreational Fee Demonstration Program. This project allowed these agencies to test new fees across the geographic and programmatic spectrum of sites that they manage. Initially, the agencies were to retain all of the new fees in excess of a base figure, with 80 percent of the retained

fees to be used at the sites where they were collected, and 20 percent to be distributed nationally to any site under the administrative jurisdiction of the collecting agency. The Interior Appropriations Act for FY 1998 removed the base year requirement, thus allowing the agencies to retain all of the recreation fee revenues, not just the additional revenues in excess of FY 1994 collections.

Congress authorized the Recreational Fee Demonstration Program to begin October 1, 1995, and to end on September 30, 1998, and mandated a final report to be submitted to Congress on March 31, 1999. Congress extended the program to September 30, 1999, and subsequently authorized operation of the Recreational Fee Demonstration Program through September 30, 2001. In 1998, Congress changed the due date of the final report, to become due at the end of the Recreational Fee Demonstration Program.

As of September 30, 1998, the National Park Service had implemented all 100 authorized fee demonstration projects. The U.S. Fish and Wildlife Service had 77 approved demonstration sites, and is considering additional projects for implementation in FY 1999. The Bureau of Land Management had 68 projects charging fees in FY 1998, out of 78 projects approved for the program. Additional projects will be added in FY 1999. There were 67 demonstration projects operating in the National Forests in FY 1998, out of 90 approved projects. All four agencies have evaluation projects underway, and were conducting field evaluations during the 1998 visitor season.

The FY 1997 Interior Appropriations Act requires the participating agencies to prepare a joint annual report to Congress on January 31, 1998,⁽¹⁾ and on the same date in succeeding years. Subsequent reports are to identify the annual accomplishments for the preceding fiscal year and any recommended improvements to the program. This progress report is intended to meet those interim reporting requirements. More detailed information is available from the individual agencies on request from Congress.

During FY 1998, the General Accounting Office (GAO) conducted an evaluation of the Recreational Fee Demonstration Program. The results were published in November, 1998.⁽²⁾ The principal findings of the GAO are: recreational fee revenues have increased substantially; most fee collections remain unspent in some agencies; there are opportunities for more innovation and coordination; and visitation appears largely unaffected by the Recreational Fee Demonstration Program.

National Park Service.

The National Park System contains 378 units comprising a total of more than 83 million acres. Fee collection in the national parks dates to 1908, when an auto permit fee was established in Mount Rainier National Park. In recent years, recreation fees have been collected under the authority of the Land and Water Conservation Act of 1965 (as amended), under which all fee revenues were returned to the U.S. Treasury. Fees have also been collected for special park uses under 16 U.S.C. 3(a) and 31 U.S.C. 3701, in accordance with OMB Circular A-25. Under authority of 16 U.S.C. 3(a), the National Park Service has recovered the costs incurred for providing special park uses, but has returned to the U.S. Treasury any revenues in excess of costs.

In FY 1997, the National Park Service collected a total of \$122.2 million in recreation fee revenues. In FY 1998, total recreation fee receipts rose to \$144.3 million, including \$136.8 million collected under the Recreational Fee Demonstration program. The National Park Service has determined that the majority of fee demonstration revenues will be dedicated to priority maintenance, infrastructure, and resource management needs. Beginning in FY 1998, fee demonstration revenues also covered all cost of collection expenses for the participating parks. The remaining three projects were announced and implemented in FY 1998 for a total of 100 recreational fee demonstration projects across the Service. In addition, several of the participating park units modified fees or added new types of fees this year.

The Recreational Fee Demonstration Program has had a major impact on fee collection in the National Park Service. The expansion of the fee program and the associated increases in revenue, significantly increases the Service's responsibility for cash handling and safeguarding of funds. There is a critical need for the National Park Service to explore, evaluate, and integrate new methods and technologies for the collection, deposit, and accounting of fees. There is also a need to strengthen procedures to prevent internal and external loss, and to improve protection of personnel. In addition, the Service has a new responsibility to manage and report on the projects undertaken with fee demonstration revenue. In order to manage effectively the recreation fee program in its entirety, the Department of the Interior has requested reprogramming authority for the Service to use Recreational Fee Demonstration Program revenues for oversight and management of the fee program in FY 1999.

Evaluation of the new demonstration fees continues to be a priority of the National Park Service. Contracted evaluators undertook a second year of evaluating public opinion across a broad spectrum of demonstration parks. The results were similar to the 1997 evaluation -- the public is supportive of the new fees if the revenue stays at the park where the fee is paid, and if the revenue is in addition to current operating funds. Additionally, an economic impact analysis of the new fees was undertaken at three representative park areas.

With the extension of the Recreational Fee Demonstration Program through FY 2001 in the 1999 Interior Appropriations Act, another round of priority project submissions and approvals will be undertaken in the coming months, to utilize the additional revenue that will become available to the National Park Service.

U.S. Fish and Wildlife Service. The U.S. Fish and Wildlife Service manages a system of 516 national wildlife refuges comprising nearly 93 million acres, and 66 national fish hatcheries, located in all 50 states. These areas are managed principally to conserve fish and wildlife, but also provide opportunities for wildlife-dependent recreation, compatible with refuge purposes and the mission of the National Wildlife Refuge System. The U.S. Fish and Wildlife Service was first granted authority to charge recreation fees in 1965 under the Land and Water Conservation Act. In 1986, authorization for entrance fees was included in the Emergency Wetlands Resources Act, which provided that 70 percent of the fees collected would be used for nationwide acquisition of refuge lands, and 30 percent would offset refuge operational and fee collection costs.

In FY 1996, the 65 units that charged entrance and/or user fees collected approximately \$2.2 million, of which 30 percent, or \$653,000, was available to field stations. Beginning in FY 1997, under the Recreational Fee Demonstration Program, an additional 35 sites began collecting recreation fees for the first time. Collections during that year from all Service sites totaled \$2.9 million. In FY 1998,

collections from all Service sites rose to \$3.5 million, of which \$3.2 million was available for use on U.S. Fish and Wildlife Service lands. There were a total of 77 units in the Recreational Fee Demonstration Program. Funds remaining after recovering collection costs are being used to improve and enhance visitor services and facilities such as boat docks and launching ramps, auto tour routes, information kiosks, exhibits, signs, brochures, trail guides, and maintenance backlog reduction.

The visitor portion of the evaluation for the U.S. Fish and Wildlife Service's Recreational Fee Demonstration Program for FY 1998 was conducted under an agreement with the Midcontinent Ecological Science Center of the U.S. Geological Survey. Visitor surveys were conducted at nine wildlife refuges representing a variety of activities. This study was a stratified sample of selected fee types. The U.S. Fish and Wildlife Service intends to continue conducting visitor evaluations for the purpose of monitoring the acceptance of the program and identifying areas of success, as well as concern. The extension of the program through FY 2001 will give the U.S. Fish and Wildlife Service an opportunity to do a more thorough evaluation of the program.

Bureau of Land Management. The Bureau of Land Management manages the remainder of the original public domain, a total of 264 million acres of public lands. Prior to the Recreational Fee Demonstration Program, the Bureau had authority to collect recreation fees through an amendment to the Land and Water Conservation Fund Act in 1972. This Act authorized the Bureau to issue permits and charge fees for special uses such as group activities, major recreation events, or motorized recreation vehicle use, and to levy fees for certain recreation sites and facilities. In 1989, the Omnibus Budget Reconciliation Act gave the Bureau authority to return fees to the area of collection, with a legislative limit on the amount of money that the Bureau could retain. The Bureau of Land Management was authorized to charge entrance fees at its eight National Conservation Areas through the 1993 Omnibus Budget Reconciliation Act.

Under the fee program, the Bureau increased its recreation fee projects from 10 in 1997, to 68 projects in 1998. Across the agency, the Bureau of Land Management collected recreation fees totaling \$3.7 million in FY 1997, and \$6.1 million in FY 1998, with fee demonstration projects accounting for \$3.5 million of the FY 1998 total. The demonstration project revenues will be used for facilities maintenance, to improve or expand campgrounds, operations, visitor services, interpretation, environmental protection, safety and health services, and access.

The evaluation of the Bureau's recreational fee demonstration program was conducted by the Pacific Consultant Group, which is currently assisting the Bureau with its customer service evaluations. Evaluation efforts included: 1) using a customer service comment card to obtain feedback from users; and, 2) conducting a telephone survey of visitors from seven recreation fee demonstration sites with a formal survey instrument. The Bureau will continue to use the customer service comment card and formal surveys at selected demonstration sites in FY 1999.

USDA Forest Service. The Department of Agriculture's Forest Service manages 191.6 million acres of national forests and grasslands across the United States. The 154 national forests provide a wide range of natural resource values in diverse areas such as minerals, timber, wildlife, range and recreation. The USDA Forest Service is the largest federal provider of outdoor recreation and manages over 23,000 developed recreation facilities, including campgrounds (over 4,000), trailheads, picnic areas, boat ramps and visitor centers. More than 120 major ski areas are managed under special use permits. There are 412

units of the National Wilderness Preservation System, totaling 34.7 million acres, and over 100,000 miles of designated trails located within national forests.

In FY 1998, over 900 million recreation visits were estimated on the national forests. Over the years, fee programs established under the Land and Water Conservation Fund Act have generated approximately \$8 million in user fees each year. User fee collections have been declining in recent years because many developed sites have been turned over to concession management and more recently the Recreational Fee Demonstration Program. The USDA Forest Service collects an additional \$37.5 million from special use permits for such activities as ski areas, outfitters and guides, and recreation residences. Essentially all these funds in excess of a 25 percent contribution to local counties are returned to the General Treasury. An exception is being tested with outfitter and guide fees in Montana coming into the Recreational Fee Demonstration Program.

The USDA Forest Service began implementation of the Recreational Fee Demonstration Program in June 1996, and by the end of FY 1996 collected \$43,000 from four small projects. FY 1997 collections from the 40 operating fee demonstration projects rose to \$9,225,000. In FY 1998, 67 operating projects generated \$20,774,200. An additional 33 projects are expected to come on line in fiscal years 1999 and 2000. Funds generated under the Recreational Fee Demonstration Program are all in addition to the historic fee collections under the Land and Water Conservation Act.

The USDA Forest Service is using fee demonstration funds to provide quality recreation settings, reduce maintenance backlogs, and provide enhanced public services. Decisions on what work to undertake are guided by the community assessments, project business plans, and public communication plans developed for each project. Local community concerns, user comments and existing backlog information are the key elements used to decide how to assign spending priorities. Some projects are hiring term, seasonal and other temporary employees with recreation fee revenues, to work on backlog reductions, enhanced services and fee collection. Recreation fee demonstration funds are not to be used to hire permanent employees.

Each individual project has a business and communication plan that serves as the official authority for the project. These plans are dynamic documents that require ongoing project monitoring and change as the project moves forward and as lessons are learned. Each USDA Forest Service regional office has or is developing a regional fee demonstration board, to add oversight and coordination to the projects within the region. These boards are also responsible for determining how to spend the fee demonstration funds made available to the regional forester. This process has proved very effective in project implementation and in adding a professional business focus. Public comments are sought at the national level through a sampling approach using comment cards, and by a variety of means at the local level. More detailed formal studies are either underway or planned, which will examine user reactions to the new fees both before and during the Recreational Fee Demonstration Program.

Interagency Coordination

The Recreational Fee Demonstration Program requires close coordination among the four agencies involved in the program. The fee managers began early in the process to meet on a regular basis to discuss plans, problems, and solutions related to implementation of the program. Those meetings, which

are still being held regularly, formed the basis for resolution of problems, indirectly through sharing of information, and directly through appropriate action on joint projects. To achieve a greater level of information sharing at the field level, each agency continues to invite the participation of other agencies in fee program training sessions and conferences. And, though each agency is conducting its own evaluation of the Recreational Fee Demonstration Program, evaluations have parallel elements because the fee managers collaborated on developing common guidance, common core questions, and common formats for information collection. The managers collaborated in developing this joint report. In addition to these coordination activities at the headquarters level, there are several examples of recreation fee demonstration projects conducted jointly by two or more participating agencies.⁽³⁾

Summary of Visitor Reactions

National Park Service. The FY 1998 evaluation of visitor reaction to the Recreational Fee Demonstration Program in the National Park Service involved 13 fee demonstration sites (including Yellowstone and Yosemite National Parks, and Independence National Historic Park) and a total of 3,735 survey respondents. Preliminary survey results are quite positive. Overall, the preliminary aggregate results for the 13 park sample are consistent with those found by Lime and Lundgren in 1997.⁽⁴⁾ In the 1998 survey, 83.4 percent of all respondents said they were either satisfied with the fees they paid or thought the fees were too low, with a range of acceptance across the 13 parks from a low of 71.8 to a high of 95 percent. The analysis of the economic impact of fee increases on local economies at three park units will be available later this year. In addition to visitor surveys, the National Park Service is conducting an ongoing study of the effects of fees on park management and operations at all participating fee demonstration parks.⁽⁵⁾ The National Park Service will continue to survey the public and park managers regarding the new demonstration fees for the life of the program.

U.S. Fish and Wildlife Service. Over the past year, visitors were surveyed at eight National Wildlife Refuges. Preliminary results show that 86 percent of visitors considered the fees charged to be "about right." Another six percent considered the fees "too low." Though the final survey results are not yet available, some generalizations can be made at this time. In general, more than 80 percent of the respondents: understood the reasons behind the fee program; approved of the fee program at the refuge they were visiting; considered fees necessary to maintain a quality of service; felt that current fees were acceptable and were satisfied with the service provided at the site; and supported the use of all fees at the refuge at which fees were collected.

A majority of the respondents, in their answers on a questionnaire, disagreed with the following statements: fee programs would limit their access to refuges; they should not have to pay a fee to visit refuges; and, there is no need for a fee program. Based on these answers, respondents agree with the need for the fee program and accept the fee as a reasonable cost of their recreation experience.

Bureau of Land Management. Project managers reported that a majority of the public supports the pilot fee program as long as the fee revenues remain at the site at which they were collected and are used to improve visitor services or protect resources. In addition, the public is strongly opposed to offsetting or supplanting appropriations with the revenue from fee collections. In fact, one Resource Advisory Council stated in its recommendation of the fee program that "if the Bureau's budget is reduced as a part of this program, then fees will no longer be collected" for the site. Recreationists also object to paying

fees if it appears that they are only being assessed a fee to gain access to the public lands, rather than receiving services for the fees. During the transition period converting non-fee recreation sites to fee sites, the Bureau received strong public support for the change. Even though initial public reaction to fees is occasionally negative, once the program is explained, the majority of the public supports the fee program. This is especially successful when notice of the change has been issued to the public and the public has had opportunities to provide input to Bureau managers. Many times the local groups have volunteered to assist the Bureau. For example, the off highway vehicle club in Roswell, New Mexico assisted in installing the new facilities at Mescalero Sands Off Highway Vehicle Area. In areas where there was public opposition to a new fee, once the fee program was initiated the Bureau received little or no continued opposition to the fee. In fact, the Bureau received more general support for the fee when recreationists actually experienced paying the fees and then witnessed the benefits to the recreation area. As the public "pays to play" it now expects better facilities and services at all times. The public has commented they would like to see appropriated funds keep pace with existing levels of funding or even accelerate as fee revenues increase.

Before initiating a fee project, the Bureau provided outreach materials and held public meetings in nearly every local community. These activities ranged from notices in the local paper, to regional or state papers and radio notices. For example, a quarterly newsletter, a result of a partnership with several counties, the Bureau, and the USDA Forest Service, announced the fee change notices in Roseburg, Oregon. Other efforts included open houses, focus groups, county commissioner meetings, and coordination with the various resource advisory councils. Communication/marketing plans were developed on new fee projects. Site managers met with their constituent groups, local communities, states, and local governments as often as necessary to explain the program and receive concurrence on its implementation. The Bureau received a few letters from the public that stated strong opposition to any fees, at any time, on public lands. The Bureau also received many comments on the customer survey cards and other letters in support of the fee program. Additionally, the Agency received many complimentary comments about the Bureau of Land Management for its continued efforts to provide quality recreation opportunities.

In the Bureau's sample survey of seven recreation fee demonstration projects during the summer of 1998, a total of 405 visitors were interviewed. The results of the survey were positive. Respondents rated the value of their experience very high, compared to the fee charged. This question received a rating of 4.2 on a scale from "1" to "5," in which "1" means "strongly disagree" and "5" means "strongly agree." The majority of the respondents considered the fee to be about right, with the questions receiving an average rating of 3.1. Overall, 93.2 percent of all respondents rated their recreation experience as "excellent." Ratings in the overall customer service areas received a 6.0 on a scale of 7, with 7 as "excellent." The Bureau also conducted independent customer surveys on two additional projects -- Paria Canyon in Utah/Arizona, and Red Rock Canyon National Conservation Area in Nevada. Overall, 69 percent of the respondents from Paria Canyon indicated that the fee they paid was about "right;" 10 percent said it was "too low;" 19 percent said it was "too high;" and 72 percent reported that they "support the fee/permit system." Over 89 percent of the respondents agreed that the "value of the recreation opportunities and services I experienced was at least equal to the fee I was asked to pay." A total of 76 percent of the respondents said that the fee would not change their plans to visit Paria Canyon in the future. The survey conducted at Red Rock Canyon National Conservation Area found overwhelming public support for user fees at Red Rock Canyon and general support for user fees. This study identified that 75 percent of recreational visitors support user fees. The study also revealed that while the public supports charging fees at the recreation site, it expects expanded services and amenities in the form of more hiking trails, informational maps, brochures, environmental education, and additional overnight camping areas.

Survey results from the customer survey cards revealed that visitors to the Bureau's pilot recreation sites were very satisfied with their recreation experience. For example, at Red Rock Canyon, over 75 percent of the respondents agreed that the "cost to value was equal to the fee they paid," and 60 percent of those circled "strongly agreed." Over 69 percent "agreed" or "strongly agreed" that "recreationists should help pay for visitor services on public lands;" 87 percent said they were informed in a "friendly and positive manner about the recreation facility's rules, including any fees that needed to be collected;" and, over 90 percent said that the "use of the site is not harming the environment."

USDA Forest Service. Visitor acceptance of the fee program continues to grow. Over 3,300 responses to the USDA Forest Service comment card survey have been analyzed to date. All five of the comment card questions show an increase in positive response when comparing FY 1997 to FY 1998. Projects in their second or third years generally show higher acceptance than new projects. Over 60 percent of responses show high to neutral acceptance of fees on public lands. The comment card approach is not a random sample; responses tend to be bi-modal, reflecting the responses of people who really like the program and people who really dislike it. In the comment card approach, it is unusual to hear from the majority in the middle who do not have strong opinions, either positive or negative.

Each project is also tracking public comments and in many cases conducting their own comment card or other type of survey. This information is used locally to help each project modify its operation to help increase public support.

The USDA Forest Service is also planning to conduct a news article analysis in FY 1999 that would examine all years of the Fee Demonstration test for trends in the types (for example, positive or negative) and quantities of articles related to the Fee Demonstration Project.

USDA Forest Service projects often involve charging fees for the first time, at sites that traditionally have been free of charge. Developing public acceptance takes time. Traditions are impacted and a skepticism on what will happen to the fees must be addressed with visible action on the ground. When the public sees the improvements on the ground and on the site, acceptance grows. Avoiding budget offsets is also critical to public acceptance. If people perceive that they are paying more and getting the same or less, they will not accept the fee program.

The agency is also concerned with possible adverse impacts fees might have on low income and ethnic populations. Beginning on October 1, 1999, the USDA Forest Service will require all fee demonstration projects to amend their business plans to include demographic data on race, sex, national origin, and disability, and to identify activities to mitigate possible impacts the program might have on non-traditional groups.

III. Recreation Visits to Fee Demonstration Sites

Visitation rates to recreation sites vary from year to year based on such variables as weather patterns, the price of gasoline, or the exchange rate for foreign visitors. Public events such as a major news feature, motion picture, or historical celebration can also influence visitation numbers. Fee levels can be expected to play some role in determining visitation, but represent only one of many factors. Though some of the projects were only begun in FY 1998, the agencies now have two years of post-implementation visitation data for most of the fee demonstration projects. Thus, the visitation data available to date represent more than a snapshot, and we can make more inferences about the relationship between fees and visitation than was possible a year ago.

Table 1. Overall Changes in Visitation To Recreation Fee Demonstration Project Sites^a

Agency	Number of Visitors (millions)				
	1994	1995	1996	1997	1998
National Park Service		158.3			
	155.8		147.3	157.9	156.3
Fee Demo Sites (100 projects)		111.3			
	110.6		118.5	117.3	132.0
All Other Sites, Fee & Non-Fee		269.6			
	266.4		265.8	275.2	288.3
Agency Total					
U.S. Fish and Wildlife Service					
	8.0	8.2	9.4	9.5	10.4
Fee Demo Sites (77 projects)					
	19.0	19.4	20.2	20.6	22.0
All Other Sites, Fee & Non-Fee					
	27.0	27.6	29.6	30.1	32.4
Agency Total					
Bureau of Land Management					
	15.0	15.8	15.9	15.5	14.2
Fee Demo Sites (68 projects)					
	35.7	40.9	41.7	45.4	45.4
All Other Sites, Fee & Non-Fee					
	50.7	56.7	57.6	60.9	60.9
Agency Total					
USDA Forest Service					
	69.3	70.5	70.6	71.7	74.0
Fee Demo Sites (67 projects)					
	765.9	759.3	788.7	813.3	828.7
All Other Sites, Fee & Non-Fee					
	835.2	829.8	859.2	885.0	902.7
Agency Total					
Total, All Four Agencies					

Fee Demo Sites	248.1	252.8	243.2	254.6	256.2
All Other Sites, Fee & Non-Fee	931.2	930.9	969.1	996.6	1,028.1
Totals	1,179.3	1,183.7	1,212.3	1,251.2	1,284.3
^a The data shown in this table reflect visitation in all sites that had recreation fee demonstration projects in place at the end of FY 1998. The 1998 visitation totals for all four agencies are estimates.					

National Park Service

Annual visitation in 1998 for all park units that were part of the Recreational Fee Demonstration Program decreased by one percent compared to visitation in 1997, while visitation to non-demonstration sites increased by 12.5 percent. Within the overall decrease at fee demonstration sites, visitation increased at some sites with new recreation fees, and decreased at others. The National Park Service will evaluate the reason why overall visitation was unchanged for fee demonstration sites during a year in which visitation increased at non-demonstration sites.

U.S. Fish and Wildlife Service

Visitation to all fee demonstration sites, increased from 9.5 million in 1997 to 10.4 million in 1998, an increase of 9.5 percent. For comparison, total visitation throughout the National Wildlife Refuge System increased from 30.1 million visits in 1997 to 32.4 million visits in 1998, an increase of 7.6 percent. Of particular importance to the Recreational Fee Demonstration Program, is that most of the increased visitation for the Service was recorded at recreation fee sites.

Bureau of Land Management

Total visitation to the Bureau of Land Management's public land areas in 1998 is estimated to be about the same as 1997, at 60.9 million visits, following an increase the previous year of about 5.7 percent. Most of the increased visitation was recorded at recreation fee sites. In the 68 sites in the Recreational Fee Demonstration Program, overall visitation was relatively constant, with slight increases at sites where fees were initiated in 1997 or earlier, and slight decreases in those sites where 1998 was the first year of the new fees.

It is interesting to note that visitation to recreation areas on Bureau of Land Management public lands under all other types of fee programs increased, while the total visitation to all non-fee recreation sites visitation remained unchanged. Several Bureau of Land Management fee demonstration areas received slightly less use during the first two years of the Recreational Fee Demonstration Program. There are several apparent reasons for this drop in visitation. First, the new fees deterred some individuals from using fee sites. Second, some sites received unseasonable and/or extreme weather problems during the

recreation season. Third, construction projects at several sites interfered with public use of the areas. Weather was believed to be a major factor in the decrease of visits to Yakima Canyon, Washington. Landslides in Yakima Canyon caused recreation use to drop, from 195,000 visits in FY 1997 to only 41,000 visits in FY 1998.

Other variables may have affected visitation to specific Bureau of Land Management sites. These include: inconsistencies in methods of collecting and reporting visitor use data; site capacity; regional emphasis on a particular activity; a recent article in a magazine; allocations of permits; water levels in rivers and lakes (too much or too little); snow levels; weather; road conditions; special designation; construction projects; highway construction; travel costs; marketing efforts; the economy; and other recreation alternatives. Thus changes in visitation may be associated only marginally, if at all, with the establishment of a new fee or a change in existing fees.

For instance, visitation at the Anasazi Heritage Center, in Colorado, decreased by 21.8 percent in FY 1997 and by an additional 4.1 percent in FY 1998. A decrease in visitation is consistent with a decrease in tourism for the entire area. But it was also the year that they started charging fees. It was determined that much of the decrease was attributable to local visitors during the winter months. As a result, the Center is waiving the fees during the winter months of 1998-1999. The decrease in 1998 was attributable to the general downturn in tourism for the area. At the National Historic Oregon Trail Interpretive Center, in Baker City, Oregon, visitation has decreased by approximately 10 percent over the two years of its fee program. Some of the decrease in visitation might be attributable to the fee, but the public's perception about the novelty of the Center is most likely the major cause of decrease in use. The Center's visitation started to drop the third year after it opened and continued to drop the next two years.

USDA Forest Service

Recreation visits to the National Forests in FY 1998 totaled slightly over 900 million. On the 67 fully operating fee demonstration projects in FY 1998, use totaled 74 million visits, or eight percent of total visitation for the Agency. Use on the fee demonstration projects increased by 2.4 million recreation visits, though 17 projects showed slight to moderate declines in visitation. Factors other than fee increases, such as weather or road repairs, can obviously cause use declines. For instance the El Portal project in Puerto Rico lost, for part of the year, much of its access due to major hurricane road damage.

In some cases, the public's willingness to pay a new fee may be the deciding factor on choosing to visit a national forest recreation site. The agency's project managers continue to study visitation data, and will make needed changes in subsequent years to address public concerns.

IV. Fee Collection Revenues

Just as was the case in the first full year of the Recreational Fee Demonstration Program, revenues

continued to increase, and the increases were substantial. The four agencies, in total, increased revenues from \$93.3 million in FY 1996, to \$180.2 million in FY 1998, nearly doubling revenues in only two years. This increase was largely the result of the Recreational Fee Demonstration Program.

Table 2. Recreation Fee Gross Revenues

Under the Recreational Fee Demonstration Program

(\$ thousands, rounded to nearest thousand)

Bureau/Receipt Category	Before Demonstration ^a			During Demonstration	
	FY 1994	FY 1995	FY 1996 ^b	FY 1997	FY 1998
National Park Service					
Non-fee demo receipts	75,688	80,513	77,771	77,165	7,470
Fee demo receipts	0	0	0	45,079	136,842
NPS Totals	75,688	80,513	77,771	122,244	144,312
U.S. Fish and Wildlife Service					
Non-fee demo receipts	2,239	2,258	2,177	2,325	405
Fee demo receipts	0	0	0	622	3,090
FWS Totals	2,239	2,258	2,177	2,947	3,495
Bureau of Land Management					
Non-fee demo receipts	1,807	2,624	3,311	3,249	2,579
Fee demo receipts	0	0	0	419	3,528
BLM Totals	1,807	2,624	3,311	3,668	6,107
USDA Forest Service					
Land & Water Conservation	10,900	9,500	9,988	9,042	5,478
Fund Act receipts	0	0	43	9,255	20,774
Fee demo receipts					
USFS Totals	10,900	9,500	10,031	18,297	26,252
Total, All Four Agencies	90,634	94,895	93,247	91,781	15,932
Non-fee demo receipts	0	0	43	55,375	164,234
Fee demo receipts					
Totals	90,634	94,895	93,290	147,156	180,166

^aFor those demonstration sites that had fees in place before the demonstration program was implemented, the "before demonstration" data represents the revenues collected before the sites became demonstration projects.

^bThough the Recreational Fee Demonstration Program was authorized to begin in FY 1996, most projects were launched in FY 1997 and later, following agency planning, public involvement, and community information activities.

National Park Service

Total recreation fee revenues increased from \$77.8 million in FY 1996, to \$122.2 million in FY 1997, under the first year of the Recreational Fee Demonstration Program. For FY 1998, the second year of collection under the fee demonstration authority, and the first full fiscal year of collection for the majority of the participating parks, total recreation fee revenue increased to \$144.3 million.

The National Park Service has continued to employ innovative strategies related to fee collection throughout the fee demonstration park units. Use of automated fee collection stations was expanded in FY 1998 to 20 fee demonstration units, with 41 machines operational. Seventeen more stations will be brought on line in FY 1999.

The National Park Reservation Service, an automated toll free (1-800) number for advanced campground and tour reservations, has 24 fee demonstration units as part of the system. The reservation system allows for centralized advanced reservations, and enables all the participating units to input information into a central data collection point and fee depository. Additional fee demonstration units are being reviewed for inclusion in FY 1999. The system is expected to accommodate advanced reservations through the Internet beginning in January, 1999.

The National Park Service continues to accept major credit cards at many of the fee demonstration units, and plans to expand the capability to more collecting parks. Yellowstone and Grand Teton National Parks utilize a photo identification annual park passport, which minimizes fraudulent use of the card. Several parks have contracted out the collection of recreational fees, and this approach seems to be accepted by the public through the second year of the demonstration program.

The National Park Service has learned the wisdom of the old saw, "It takes money to make money." Increased revenues have also meant increased workloads and responsibilities. Many of the systems in place to collect fees and manage revenues had their genesis in an authority that dates to 1965. They reflect a time in which the parks collected substantially less revenue, and lacked the incentive necessary for managers to invest in efficient and effective fee collection programs. The new Recreational Fee Demonstration Program has created much more demanding requirements to collect fees efficiently, track and allocate the new revenue, and provide adequate support, training, and protection to fee collection personnel.

U.S. Fish and Wildlife Service

During FY 1998, recreation fees were collected in two major categories: entrance and user fees. Entrance fees, in most cases, permit visitor entry into the refuge and use of all areas and facilities open to the public. User fees include such activities as hunting, boat launches and ramps, guided tours, photo blinds, hunting blinds, canoe trails, and meeting room use. Approximately 57 percent of the total recreation fee revenues are generated by the top ten collection sites. This is not necessarily in proportion to level of visitation, for revenue is affected partly by number of visitors, and partly by such variables as the amount of fee charged and methods used to collect fees.

Three regions have opted to retain 20 percent of the demonstration fee revenue collected by field stations in the regional office to support new fee programs and assist smaller field stations to enhance visitor services. This allows smaller stations, where collecting fees is economically impractical, to receive some benefits from the program.

In response to the needs of the public, Crab Orchard instituted a method for the concessionaire to sell the user pass at its place of business. This helped to make the experience more convenient and enjoyable for the visitors. These activities are overseen by refuge staff and are proceeding smoothly.

Bureau of Land Management

In every case, the areas with the greatest visitation volume collected the most money in terms of gross revenues, particularly in those areas that had limited access, such as Red Rock Canyon National Conservation Area, located just a short drive from Las Vegas, Nevada; Flagstaff Hill, National Historic Oregon Trail Interpretive Center; Yaquina Head Outstanding Natural Area, Oregon; and, the Anasazi Heritage Center, Colorado. All of these sites have two things in common that help them to generate revenues: high numbers of visitors and a single-point of entry to the fee site.

Special use activity areas requiring special recreation permits were also very successful in generating revenues. These areas include: Paria Canyon/Coyote Buttes, Arizona/Utah; Deschutes River, Oregon; the Green and San Juan Rivers, Utah; and the South Fork of the Snake River, Idaho. Types of activities authorized under these special recreation permits include river floatboating, mountain biking, back country use, fishing, rock climbing, and hiking.

The most successful method of fee collection, in terms of compliance by potential fee payers, was through the mail when permits were required, regardless of the activity. The second most successful collection compliance occurred when a Bureau of Land Management representative collected the fee. In third place were fee collections at sites where the Bureau had a presence at the site. Third party collections, through partnerships or concession, also achieved significant compliance rates. Honor system fee collection systems resulted in the least compliance. In these cases, voluntary payment of an established fee was significantly more successful than a payment in the form of a contribution. Pipe safes (iron rangers) are typically the fee receptacle.

The Bureau of Land Management's experience indicated that the self-serve approach, or honor system, can be moderately successful at recreation sites of high visitation even though the Bureau has had fairly low to no compliance at some recreation sites. Even volunteer fee stations, with signs explaining the objectives of the program, do not work when there has been local public opposition to the fee. It is critical to have frequent public presence in order to have a high public compliance rate. For instance, the National Historic Oregon Trail Interpretive Center achieved more than 90 percent public compliance because the self-serve pay station is in full view of the staff and volunteers in the Center's lobby. Volunteers, such as organized groups, who have played a moderate to major role in the development and management of a particular recreation site, may expect that their services and contributions entitle their members to free entrance into those sites. From one perspective, not charging these people can be viewed as non-compliance with the fees. However, the agency may benefit from their assistance in an amount greater than lost fee revenues.

The Bureau of Land Management has used law enforcement sparingly and has not had to enforce penalties on violators of the fee program. Bureau Law Enforcement Rangers help obtain names and addresses of violators of the fee program in order to send them a late fee notice. Many of these violators apologized for not paying the fee and thanked the Bureau for giving them a notice instead of assessing a fine. Although the Bureau received telegrams from a few disgruntled recreationists, most of the public support has been very positive. In fact, several people provided additional money and one gentleman even gave an extra \$100 as his apology for being late.

All of the fees collected were retained at the area of collection. Each pilot project established a special fiscal account with a project code to ensure proper accounting of the revenue that was collected.

USDA Forest Service

In FY 1998, the range of collections for the USDA Forest Service projects ran from \$1,800 at the Ohmer Creek Campground in Alaska to \$2.3 million at Mt. St. Helens National Volcanic Monument and \$2.5 million on the Southern California Enterprise Forest Project. Five projects made over \$1 million, seven projects collected between \$500 thousand and a million dollars, 26 projects collected between \$100 thousand and a half million dollars, and 29 projects collected less than \$100 thousand.

A wide variety of fees were tested in FY 1998. The USDA Forest Service uses more user fees than entrance fees because many of its recreation resources are in dispersed areas that often have many access points. The most common fee approach in the more dispersed areas is some version of a trailhead parking fee. Some areas with entrance fees include the Mt. Evans Highway in Colorado and American Fork Canyon in Utah. Many pricing concepts are being tested including differential pricing (charging different rates for different lengths of stay, dates, seasons, etc.) The GAO report cites the positive aspects of the wide range of pricing concepts being tried by the USDA Forest Service.

The USDA Forest Service projects are a sub-sample of the many potential projects on the National Forests. Current projects were selected to test a number of fee concepts and were not selected just to maximize revenue. The full long term potential for revenue generation on the National Forests is barely being tapped by the current projects.

Fee compliance is also a significant part of the fee collection process. Fee compliance at staffed entrance areas is quite high. Compliance at dispersed sites is more difficult and requires innovative approaches. Compliance levels are important to fee generation but even more important is the public concern for fairness - if you pay a fee and are parked next to others who didn't the whole concept of user fees will be questioned by the user. USDA Forest Service compliance approaches usually involve information first, followed by warnings and then citations. Citations are needed as a last resort but are not as desirable as getting voluntary compliance through other means. Any fines paid do not come back to the agency. Therefore, it is in the agency's interest to have people pay the fee rather than be cited for not paying the fee.

The USDA Forest Service has established fee handling procedures in a Fiscal Guide. The legislation that established the Recreational Fee Demonstration Program mandated that each agency return 80 percent of revenues back to the project that collected them, with the remaining 20 percent available to each agency to spend as needed. The USDA Forest Service decided to divide the 20 percent by providing 15 percent to local projects and five percent to the Regional Foresters for use within their regions. The USDA Forest Service also left the spending decisions to the local project managers. A business plan process was established for each project. The rationale and priorities for the use of fee demonstration revenues are displayed in the local business plans.

A wide diversity of fee types and collection methods are being examined and tested by the USDA Forest Service for their efficiency in collecting fees. Collection costs are high with some methods and low with others. Similarly, public acceptance is high on some methods and low on others. The public desires a reasonable fee that is easy to pay, and there appear to be advantages to adapt and fine-tune fee types and collection methods to the local project. Pricing options are also appreciated by the public as long as the price structures are not so complex as to be confusing.

While locally-based fees are well accepted on most projects, problems have arisen where a number of fee demonstration projects overlap with each other or with other fee systems (state parks, other federal programs, state snow-park passes, etc.). In areas with a large number of fees, the public has expressed the desire to simplify the fee system, so that one fee enables access to many recreation sites. The fact that the agencies are testing a variety of fee types, sometimes in close proximity, has led to some confusion. Acceptable trade-offs in revenues and improved methods for interagency fee sharing are being developed. For example, the Siuslaw National Forest in Oregon is negotiating with Oregon State Parks and the Bureau of Land Management to develop a single Oregon coastal pass. A large scale effort is also underway in Oregon and Washington, in conjunction with the other federal and state agencies in the two states, to develop a more integrated fee system within the USDA Forest Service.

Collection of fees seems to work best at entrance stations and at areas with mail-in permit requirements, such as Boundary Waters Canoe Area. More dispersed areas with self-pay systems often have lower compliance. Self-pay machines are a great improvement over the post-in-the-ground method--the so-called iron rangers. Staffing and machine technology are expensive, however, and are only justified when the volume of business makes them feasible. Much is being learned about the delicate balancing act between reducing collection costs and increasing public compliance with the fees, for both are needed to produce revenues for improving recreation services.

V. Cost of Recreation Fee Collection

Costs of fee collection per visitor or as a percentage of revenue can vary widely depending, for example, upon the number of visitors, whether people arrive at predictable peak periods or spaced randomly over time, any required new financial controls, and the relative complexity of fee program coordination mechanisms, and the relative proportion of capital expenditures (these one-time costs are shown by the agencies in the year that they occur, and not amortized over their useful life). Collection costs are generally higher for new fees than for established fees because of startup costs.

Table 3. Cost of Fee Collection in Fee Demonstration Projects

(\$ thousands)				
	Fiscal Year 1997		Fiscal Year 1998	
	Capital	Operating	Capital	Operating
Bureau				
National Park Service	(97 projects)	\$14,565	(100 projects)	\$21,975
Cost of Fee Collection	\$1,484	12.9%	\$1,265	15.9%
As Percentage of Revenue	1.3%		1.0%	
U.S. Fish and Wildlife Service	(61 projects)		(77 projects)	\$994
Cost of Fee Collection	not available	not available	\$237	32.5%
As Percentage of Revenue			7.7%	
Bureau of Land Management	(10 projects)	\$576	(68 projects)	\$1,027
Cost of Fee Collection	\$343	22.0%	\$253	29.0%
As Percentage of Revenue	13.1%		7.2%	
USDA Forest Service	(40 projects)	\$3,514	(67 projects)	\$3,302
Cost of Fee Collection	\$691	38.0%	\$356	15.9%
As Percentage of Revenue	7.5%		1.7%	

National Park Service

Increase in Personal Services. Beginning in FY 1998, the cost of collection at fee demonstration units must be funded from the 80 percent of revenue retained at the park. Prior to implementing this program, the Congress placed a limit on the amount that parks were reimbursed for fee collection costs. Under the Recreational Fee Demonstration Program, this limit was removed, and the stronger emphasis placed on

maximizing revenues. Many parks have extended both their hours of collection and the duration of their fee collection season, and others have added new collection locations. These changes increase the cost of personal services through additional positions and additional hours of operation related to collection.

Changes in temporary employment regulations have resulted in parks hiring more term or permanent fee collection employees in order to keep points of collection open for the full visitor use season. These term and permanent positions require benefit packages that increase the cost of fee collection operations.

Under the Recreational Fee Demonstration Program, collection levels have become so substantial that many parks have initiated changes in their fee program organization structure and associated position management. There is an increased need for dedicated program managers, budget analysts, and technology support staff to effectively manage increasingly complex fee programs.

Also in FY 1998, the National Park Service discontinued a reservation contract due to default by the contractor. In order to expedite the contract award, the new contract did not require the contractor to furnish staff for on-site reservations and collection of camping fees. As a consequence of this contract change, the cost of personal services related to campground fee collection increased in a number of large parks, because they had to supply the staff that previously had been provided by the reservation system contractor.

Increased Cost of Facilities and Equipment. Many parks have purchased new collection equipment and/or have upgraded aging collection equipment in order to participate at a more efficient level under in the Recreational Fee Demonstration Program. Grand Teton National Park, for example, spent \$65,000 to put automated fee collection equipment on line in a campground application, and \$30,000 to upgrade an antiquated cash register system. Mammoth Cave National Park spent \$15,000 to provide for a networked tour sales system that was needed to collect tour fees during the period of change in the reservation system contract.

Automated fee collection machines are one example of a changing technology that requires increased involvement at the park level. Harsh climate conditions at many park units have tested the ability of both machines and park employees to keep the machine on line and operational. At several demonstration park units, the automated fee machines were believed to be the only efficient means of collecting fees. Once viewed as an efficient alternative to hiring park staff, constructing kiosks, and providing other elements of a personnel-driven fee collection infrastructure, it has become apparent that automated fee machines require more personnel support than was anticipated. Evaluations of their utility are mixed, depending on the park in which they are located, and where they are located within a park.

A number of parks have changed from cash register sales for camping and tours to the National Park Service reservation contract, which also includes Internet sales. Like automated machines, this networked sales and reservation system requires full oversight at the park level as well as the need for some fee collectors with basic to moderate technology skills to support onsite operations.

U.S. Fish and Wildlife Service

Costs of collection have a significant impact on the amount of actual funds available to address project backlogs. Because of the dispersed nature of visitation to refuges, collection costs at many refuges make it un-economical to collect fees. Overall, salaries represent the most significant portion of all collection costs. In total, collection costs averaged about 40.7 percent of the recreation fee revenue.

For new fee programs the initial outlay for start up costs can result in no funds at all being available for backlog projects, at least for the first year. Stations just starting programs or switching over into the Recreational Fee Demonstration Program, commented that funds to do so either came out of the station's annual operating budget or from the fee revenues leaving nothing for backlog projects or improving refuge programs. A number of field station managers suggested that initial start up funds be provided as part of the Recreational Fee Demonstration Program.

Another category of collection costs is capital improvements. Although not an annual cost, when they do occur, they can have a significant impact on funds available for other projects. Capital improvements may include such things as construction of a fee collection station or booth, equipment to maintain an auto tour route or interpretive trail, kiosks, trailheads, check stations and parking areas.

Bureau of Land Management

Revenues collected at recreation sites with a high volume of visitation exceeded the cost of collection, while the less frequently visited sites collected revenues just sufficient to offset their collection costs. Since start-up capital costs were also involved, the revenue generated to collection cost ratio will improve in the future, as the one-time start-up costs are amortized. Costs of collection also vary with the method of collection.

When a site manager uses a contractor or other third party to collect fees, costs are much higher than at those fee sites where the fee is deposited in a pipe safe or even automated collection systems. The site manager at Red Rock Canyon, Nevada, contracts with a third party to collect the fees. Their operation costs are higher than at those areas which are using more conventional methods of collecting the fees. The California Desert District is using 17 automated fee stations. Administration, collections, and maintenance operations are under contract. Although their overall out-of-pocket costs of collecting the fees are increased, the Bureau avoids hiring additional staff for collecting the fees, and is able to eliminate a burdensome work load on existing staff. Costs of collection are also accelerated by the number of entries or access points to the recreation site. The Gunnison Gorge has over five main access points which increases the cost of collecting the fees.

There is also a considerable accounting workload generated by the fee program, which is an additional workload on administrative staff, and other employees. For example, to ensure the safe transfer and collections of dollars at recreation sites, and especially fee collections from remote locations, security costs have dramatically increased. These increased costs range from the security personnel accompanying a Law Enforcement Ranger, to contracts with security businesses, or purchasing cellular phones to expand communication in remote areas.

Managers at all of the projects have made a special effort to improve accounting controls and provide

for employee safety in the process of collecting the fees.

USDA Forest Service

Collection costs declined from \$4.2 million in FY 1997 to \$3.7 million in FY 1998. Even with 27 additional projects on line in FY 1998 the percent of collection costs compared to gross revenues fell to 17.6 percent from 45.5 percent in FY 1997. The USDA Forest Service is closely monitoring collection costs to make certain that added efficiencies are incorporated. High collection costs in the long run may cause a project to be dropped or modified.

Only one project in FY 1998 (Cougar Recreation Area in Oregon) had collection costs that exceeded gross revenues. This project had significant law enforcement and environmental problems. Recreation fees, and the official presence associated with fee collection, were used as tools to help restore order to the area. Thus, the USDA Forest Service considered the project to be a success even though collection costs exceeded revenues because the Recreational Fee Demonstration Program enabled the agency to address other management issues that ultimately benefitted the recreation resource. In this instance, revenue generation was secondary to other management objectives of the fee program.

Nineteen projects had collection costs that were greater than 25 percent of gross revenues (nine were over 35 percent). First year projects, projects with entrance fees, and projects with lower revenue and/or use potential generally have higher cost percentages. Forty-eight projects had collection costs that were less than 25 percent of gross revenues (27 were 15 percent or less).

Startup costs are also a significant part of establishing a new fee program. The USDA Forest Service spent over \$5 million for fee demonstration project start up in FY's 1997-98. Most of these funds were appropriated dollars with some funds coming from the five percent of fee demonstration receipts available to Regional Foresters. Approximately \$1 million was used for one-time capital investments in such needs as entrance stations, fee kiosks, and fee collection equipment. The USDA Forest Service did identify these capital investment costs but did not amortize them; capital costs are shown in the cost of collection totals. The remaining start up costs were spent on signage, fee collector salaries, utilities, banking costs, and law enforcement. New employees were hired for fee collection and field work but all were term, temporary, or seasonal appointments due to the short-term time frame of the Recreational Fee Demonstration Program.

VI. Expenditure of Demonstration Fee Revenues

As noted by the GAO Report, the actual expenditure of fee revenues on resource priority needs has lagged the collection of those revenues. Some delay is to be expected, even as the agencies gear up to apply funding to projects. In the initial year or two of the Recreational Fee Demonstration Program, the delay has been exacerbated as agencies have had to apply most of their efforts into implementing the fee collection activities before turning to the expenditure issue. The ratio of total dollars obligated by the

agencies to dollars collected is improving.

Table 4. Use of Revenues From Recreational Fee Demonstration Program Projects

Bureau	Expenditure of Fee Revenues	
	FY 1997	FY 1998
National Park Service	(97 projects) \$3,838,190	(100 projects) \$48,190,463
U.S. Fish and Wildlife Service	(61 projects) \$488,404	(77 projects) \$1,606,696
Bureau of Land Management	(10 projects) \$634,000	(68 projects) \$2,223,000
USDA Forest Service	(40 projects) \$4,070,300	(67 projects) \$14,974,400
Total, All Four Agencies	(208 projects) \$9,030,894	(312 projects) \$66,994,559

National Park Service.

In FY 1997, the National Park Service estimated the total receipts that the parks would collect during the period of FY 1997 through FY 1999. At that time, parks were asked to submit candidate projects for spending the cumulative fees. Projects were reviewed by the National Park Service and the Department of the Interior to ensure compliance with the intent of the program and to ensure that a reasonable number of projects address priority National Park Service health and safety maintenance projects.

The FY 1998 Department of the Interior Appropriations Act changed the Recreational Fee Demonstration Program, allowing participating parks to retain additional revenue. A call for projects equal to the anticipated additional revenue was issued on May 20, 1998. At the date of this report, the National Park Service and the Department of the Interior have approved more than 1,100 projects totaling \$163.7 million, or 60 percent of the total estimated receipts for FY 1997-1998.

The National Park Service obligated \$3.8 million of the fee demonstration revenues to priority projects in FY 1997, and \$48.2 million in FY 1998. The Service collected about \$45 million in fee revenues in fiscal year 1997, and nearly \$137 million in fiscal year 1998. This translates roughly to a one year delay between receipt and expenditure. Some of the delay in expenditure is due to the system of review, both within the Service, and at the Departmental level, that was instituted to assure that National Park Service

revenues are used on the highest priority projects.

For large projects, costing \$500,000 or more, additional reviews are made by a National Park Service advisory board and by the Congress. Approval was recently obtained from Congress to implement the following large projects: \$670,000 to align the main park road and \$890,000 to perform rehabilitation work on the visitor center and restrooms at Bryce Canyon National Park; \$2,649,000 to construct a bus maintenance and operations facility at Zion National Park; and \$18,000,000 to construct the Canyon View Information Plaza at Grand Canyon National Park. These four projects are intended to serve a variety of purposes from increasing visitor safety to reducing traffic congestion and resource degradation.

A more detailed report on National Park Service accomplishments with revenues collected under the Recreational Fee Demonstration Program is being provided under separate cover.

During FY 1998, the focus of the Recreational Fee Demonstration Program shifted somewhat, from an initial concern over defining, implementing and collecting new fees, and towards managing the projects that will be funded with fee revenues. Putting policies and processes into place to approve and review the projects, and undertaking the projects at the field level, has required a concerted effort on the part of staff in central offices and in the field. The National Park Service continued to make the adjustments necessary to facilitate the increased workload. Many demonstration fee-funded projects were initiated at the parks this past year, and will continue to be undertaken as planning, contracting, hiring of necessary work crews and other seasonal variables permit. The National Park Service will also continue to focus on communicating to the visiting public the purpose of the Recreational Fee Demonstration Program and ways in which fee revenues will improve the park infrastructure, resources and visitor experience.

The National Park Service has designed, developed, and implemented a system for collecting information on projects funded by the Recreational Fee Demonstration Program and other sources. The initial goal of this effort was to provide a standardized method for collecting project information on a Servicewide basis. This web-based system, titled the "Project Management Information System" (PMIS), will eventually allow for integration of data from other systems currently in use by the National Park Service, such as the Resource Management Program and the Project Manager Program. The system contains a significant number of data fields which allows the user to sort information based on a variety of needs including categories such as health and safety, resource protection, visitor service, and cost of collection. Additionally, the system documents project review and approval at the park, region, Washington Office, and Departmental levels. PMIS allows park managers, who are the "owners" of the project data, to input their project request and track their projects in real time as the projects move through the review and approval process.

Enhancements to the system are being planned to include additional data fields by asset and feature type (for example, paved/unpaved roads, building interior/exterior, or paved/unpaved trails), beginning and ending conditions (for example, good, fair, poor), and units of measure (for example, miles, square feet, systems). This will provide information to measure progress in backlog remediation efforts. The additional data fields will also assist the Service in determining the effectiveness of the Recreational Fee Demonstration Program.

Table 5. National Park Service Obligations by Category, FY 1998

Category of Expenditure	"80 Percent" Monies	"20 Percent" Monies	Total
Visitor Management (Including Cost of Fee Collection)	\$26,149,138	\$1,706,430	\$27,855,568
Maintenance	\$11,203,515	\$2,485,275	\$13,688,790
Interpretation	\$712,805	\$450,503	\$1,163,309
Cultural Resources Management	\$1,444,324	\$236,912	\$1,681,236
Natural Resources Management	\$1,645,777	\$505,678	\$2,151,456
Health and Safety	\$484,545	\$6,000	\$493,545
Resources Protection	\$938,611	\$43,970	\$982,581
Cultural Resources Applied Research	\$8,257	\$82,263	\$90,519
Natural Resources Applied Research	\$83,459	\$0	\$83,459
Total	\$42,673,432	\$5,517,031	\$48,190,463

U.S. Fish and Wildlife Service.

There were 10,880 backlog maintenance projects in the National Wildlife Refuge System at the beginning of FY 1998, of which 2,171 public use projects with an estimated maintenance cost of \$98 million were suitable for funding from annual Resource Management budgets. There were 164 projects costing \$1 million, 37 of which are safety related, targeted for completion in FY 1998. In FY 1999, another 168 projects with an estimated cost of \$6.6 million are scheduled to be accomplished. Of these, 37 are safety related. An additional 63 public use projects costing \$46 million are suitable for construction funding. In the foreseeable future, fee demonstration revenues will not be sufficient to remove these maintenance backlogs. The Service intends to continue using a combination of appropriated resource management funds and fee revenues in order to reduce the backlog.

Table 6. Fish and Wildlife Service Refuge System Public Use Maintenance Backlog

Maintenance Category	Resource Management		Construction	
	Number of Projects	Backlog (\$ millions)	Number of Projects	Backlog (\$ millions)
Buildings	315	13	13	12
Utility Systems	40	2	0	0
Roads and Trails	795	48	57	37
Water Management & Related Facilities	89	4	1	5

Other Structure & Facilities	669	22	3	1
Transportation Equipment	131	7	0	0
Other Equipment	132	2	0	0
Total	2,171	98	74	55

Bureau of Land Management

The Bureau of Land Management's overall recreation deferred maintenance backlog for over 1,700 recreation sites and nearly 11,000 miles of trail is approximately \$37.7 million. This figure does not include deferred maintenance needs associated with the transportation infrastructure providing access to the recreation sites. Annual maintenance for the Bureau's recreation sites is around \$9 million. According to the Bureau's 1998 "Facility Inventory and Maintenance Management System," 594 (35 percent) of the Bureau's recreation sites are in good condition, 745 (44 percent) are in fair condition, 258 (15 percent) are in poor condition, and 107 (six percent) are in unsatisfactory condition. The Bureau asked each demonstration area to provide the top five deferred maintenance or enhancement projects for FY 1998-1999. The top five projects from each of the 68 recreation fee demonstration projects that charged fees in FY 1998 totaled approximately \$13 million. During FY 1998, \$2.4 million was spent on recreation projects to reduce the number of deferred maintenance projects. The Bureau will spend approximately \$3.8 million in deferred maintenance, annual maintenance, and enhancement projects for these same sites during FY 1999. Many of the site managers did not spend the revenue collected during the first year of the Recreational Fee Demonstration Program.

Projects that have been completed or started range from: maintaining existing facilities; retrofitting restrooms and access to picnic areas for persons with disabilities; repairing or constructing restrooms; repairing, replacing, installing, and expanding water systems; landscaping sites; expanding campgrounds; adding new grills and tables; constructing trails and additional tent pads; increasing services and adding seasonal positions; constructing fee collection facilities; adding equipment; developing exhibits and other outreach materials; expanding partnerships; designing and creating interpretive displays and brochures; repairing equipment; creating and adding directional signs; repairing roofs and vehicles; paving and grading roads and bridges; repairing and adding communication systems; repairing, replacing, and constructing boat ramps; replacing and constructing boat and fishing docks; purchasing and installing lighting for exhibits and kiosks; repairing gates, fences and flood damage; and controlling weeds.

USDA Forest Service

The USDA Forest Service has spent 63.3 percent (\$19.04 million out of \$30.07 million in gross revenues) of the total fees collected during the period of FY 1996-1998. Expenditure decisions are the responsibility of local project managers working in conjunction with the using public and the fee demonstration legislation. The needs are great and fee demonstration receipts do not meet all local needs. Appropriated dollars and other resources, such as concessions and volunteers, remain critical in helping to meet total needs. The USDA Forest Service uses demonstration project fees for a variety of purposes. Backlog repairs are a key focus. It was determined early in the demonstration that the using public wants to see their fees at work. The USDA Forest Service has taken care to make sure that visible improvements are taking place. Balancing visible improvements with behind the scene repairs is a key

part of the USDA Forest Service's implementation strategy.

Of the total expenditure of fee demonstration revenues, 23.1 percent went for repairs and maintenance of recreation resources, 20.4 percent for annual operation costs, 12.7 percent for interpretation and signs, and 7.6 percent for health and safety needs. Table 7 shows the complete list of expenditure categories, the actual expenditure amounts, and the percent of the total spent in each category. Note that collection costs made up 19.8 percent of total expenditures of fee demonstration funds. ⁽⁶⁾

Table 7. Cumulative USDA Forest Service Expenditures by Category

Fiscal Years 1996 Through 1998 (\$thousands)

Repair	Health	Interp	Habitat	Facility	Resource	Annual	Law	Cost of	Other
Maint	Safety	Signs	Improve	Enhance	Protect	Operation	Enf	Collecting	
\$4,383	\$1,453	\$2,414	\$73	\$1,282	\$733	\$3,891	\$649	\$3,773	\$396
(23.1%)	(7.6%)	(12.7%)	(0.4%)	(6.7%)	(3.8%)	(20.4%)	(3.4%)	(19.8%)	(2.1%)

VII. Lessons Learned

Need for Long-term Predictability

Revenues from the fee sites provide an important funding source that helps the field staff to provide a consistent and quality recreation experience for the public. The additional revenue has provided a secure funding mechanism for seasonal staff who help administer and manage recreation sites during peak use. Yet, because the Recreational Fee Demonstration Program is still temporary, with a relatively short finish date, field personnel are reluctant to initiate long-term measures, or to shift limited personnel resources into fee collection. The series of extensions of the Recreational Fee Demonstration Program have extended the life of the program, but there is no guarantee that the program will continue beyond the period of the current extension. Permanent authority would provide an incentive for managers to support one-time startup costs that would be recovered by long-term revenues.

Prior to the most recent extension, some agency personnel were reluctant, for example, to sell annual Golden Eagle passes at the demonstration price, since the price might drop before their expiration date to the level authorized in the Land and Water Conservation Fund. For the moment, this situation has been resolved, but it may arise again near the end of the extension period.

The lack of permanent authority also makes it very difficult to staff the fee demonstration effort. Hiring

term and seasonal employees works well in the early stages, but the very nature of term employment causes periodic loss of vital fee collection expertise. Many projects in the National Park Service and USDA Forest Service, for instance, are being run by skilled term employees who must leave the agency after a four year term. Hiring and retraining a significant portion of the workforce every four years is an inefficient way to run a fee system. Some permanent hires are needed as project leaders for the Recreational Fee Demonstration Program. Most of the summer work crews would remain seasonal/temporary employees.

Confusion About National and Regional Passes

The recreating public has more choices available for national and regional passes. At the national level, users will have to choose among the Golden Eagle, Golden Age, and Golden Access passes, as well as the new National Park passport authorized by Congress in 1998, and any number of regional passes, such as the USDA Forest Service's Trail Park pass in Oregon and Washington, and the Southern California Adventure pass. The availability of choices is to be promoted, but too many choices could lead to public confusion. The GAO also noted in its report the possibility of public confusion and recommended that the agencies coordinate with each other to reduce fee confusion and make the fee system more understandable to the user. The agencies are sensitive to those concerns, and are considering ways to strengthen their cooperation. One approach might be for the four agencies to establish a task force to develop an integrated national and regional pass that is not confusing to the public. A permanent fee program may be needed before integrated passes can be fully developed.

Confusion can also arise from public misunderstanding about what they are entitled to obtain from each of the passes. Most passes are good for *entrance* into an area, but not necessarily for specific fee uses within the area. Entrance fees are those fees that provide access into a recreation site. *User* fees authorize a visitor to use specific facilities, programs or resources sponsored by a recreation site. The distinction between entrance fees and user fees continues to frustrate or confuse some visitors who possess a Golden Eagle passport or similar pass, because the passes can be used for entrance fees, but not for user fees. If they assume that the passport is good at any national park, national forest, Bureau of Land Management recreation site or national wildlife refuge, they may be surprised when the passport is not accepted as payment of a use fee, such as camping or a guided tour. The need continues for agencies to improve public information about the fees and their applicability, and to simplify fees and fee structures as much as possible.

Innovation and Coordination

There appear to be important advantages to the public to establishing fee arrangements that allow visitors to pay a single fee, or at least coordinated fee arrangements, for entrance into adjacent recreation areas operated by different agencies or levels of government. In its November 1998 report, the GAO noted a number of examples where agencies had implemented innovative approaches to collecting fees that had resulted in greater convenience to the public and improved efficiency to the agencies. Nevertheless, GAO suggested that there is room for improvement, in using innovative approaches in the National Park Service and Fish and Wildlife Service, and in developing cooperative fee arrangements in all the agencies.

Third-party contracting to issue permits and/or to collect fees has been successful for the Bureau of Land Management, particularly at the Anasazi Heritage Center in Colorado; Paria Canyon in Arizona; and Red Rock Canyon National Conservation Area in Nevada. The agencies have had some success in cooperative efforts with states, county governments, and other federal agencies. Although these efforts have proved difficult to initiate, collaborative fee arrangements work well once the parties can reach consensus on the parameters of the project, including the priorities, conditions of implementation, and division of revenues, and on the roles, responsibilities and expectations of partner agencies.

The USDA Forest Service perceives significant opportunities to transfer into the Recreational Fee Demonstration Program fees currently paid by USDA Forest Service special use permit holders, such as outfitters and guides and ski area operators. Without modifying the conditions of the permits, the USDA Forest Service could apply the revenues to resource improvements. The USDA Forest Service is experimenting with the concept in a limited number of locations involving outfitters and guides and some campground concessions. Most permit holders express strong support for the idea. In addition, the USDA Forest Service has learned that differential pricing increases public acceptance of the fees, because users can choose the type of pass to meet their particular recreation plans, and lower income users can have better access to fee areas. It also appears to help distribute use over time, which places a lower burden on recreation resources.

At North Cascades National Park, the National Park Service is working with the USDA Forest Service to require boaters to have the USDA Forest Service boat docking permit. In turn, the USDA Forest Service will use funds from the sale of docking permits to repair the docking facilities on National Park Service lands as needed. Sequoia National Park is collecting an entrance fee that includes access to part of the Sierra National Forest.

The National Park Service/USDA Forest Service Joint Outdoor Recreation Information Office at the Recreation Equipment, Incorporated (REI) flagship store in Seattle, Washington, sells National Park Service and USDA Forest Service passes and permits.

The Bureau of Land Management has had moderate success with an honor system of fee payment. This has worked best at major, high visitation recreation sites, but worked poorly at the Gunnison River Gorge site in Colorado, even though prominent signs clearly explained the objectives of the program.

The U.S. Fish and Wildlife Service has worked with other federal agencies, local government agencies, and the private sector, to coordinate efforts to make the fee program more convenient for the public. One example of these efforts is implementation of the Jackson Hole and Greater Yellowstone Information Center at the National Elk Refuge in Jackson, Wyoming. The Center is now staffed by the Fish and Wildlife Service and six other partners, which include the USDA Forest Service, National Park Service, Wyoming Game and Fish Commission, Jackson Chamber of Commerce, Grand Teton Natural History Association, and Rocky Mountain Elk Foundation. From the visitor center, the cooperating staffs have an opportunity to inform visitors about the area, explain the Recreational Fee Demonstration Program, and generally assist the public and enhance their enjoyment of the area.

Cash Management and Employee Safety

The agencies continue to be watchful for additional problems that could arise through the handling of large amounts of cash. The potential issues relate to accounting for all of the fee revenues, theft of cash by employees, and the safety of employees who must carry cash, particularly in remote areas. Cash handling has improved dramatically in the second full year of the program. The USDA Forest Service, for example, is encouraging program managers to develop and implement cash handling and safety plans to help deter problems. The U.S. Fish and Wildlife Service has instituted Standard Operating Procedures for cash management, employee safety, and accountability at some locations. In FY 1998, the National Park Service initiated production of a video regarding the need for strengthened internal controls and oversight over recreation fee collection programs, with a target audience of park superintendents and fee program managers. The video should be available in February, 1999.

Compliance and Public Acceptance

Increased public compliance with fee payment requirements appears to be associated with the following: direct contact with a fee collection employee; ease and convenience of payment methods; visibility of the local projects funded by the fee program; extent to which the public views the fee as being used in "their" local recreation site; the perceived "fairness" of the fee amount; and, the extent to which the fee was required as prerequisite for engaging in the recreation activity.

First time fees take longer to implement, and the public adapts more slowly to new fees than modifications in existing fees. The public more readily accepts fees if there is some recreation development at the site, even if the amenities are relatively minor, such as parking facilities, trash cans, signs, or toilets.

As one would expect, fee compliance at staffed entrance areas is quite high. Compliance at dispersed sites or at sites lacking controlled access points is more difficult and requires innovative approaches. The agencies have experimented with several approaches at these types of sites, including automated collection devices. However, there will always be a proportion of individuals who attempt to avoid paying the required fee. The agencies must, therefore, make tradeoffs between enforcing compliance at dispersed recreation sites and at other types of sites. Agencies must balance between using a customer-friendly program and using sufficient enforcement techniques to achieve acceptable compliance levels, considering the cost-effectiveness of such enforcement.

Compliance levels can affect the magnitude of revenues collected. In addition, the approach that agencies use to enforce compliance may also affect individuals' perceptions about the fairness of the fees. Use of mechanisms such as fines to create incentives to comply with fee requirements is one potential approach. As with any type of financial penalty (a speeding ticket, for example) this approach needs to be applied in a balanced, even handed way, and in such a manner that it does not penalize individuals who did not have knowledge or did not understand the fee requirements.

Since the inception of the Recreational Fee Demonstration Program, vandalism has decreased at many recreation fee sites. At the onset, agencies experienced some vandalism resulting from public frustration against starting the fee program, particularly in those areas in which no fee had previously been charged, such as in USDA Forest Service and Bureau of Land Management sites. However, vandalism dramatically decreased from earlier levels after the using public came to accept the fees, and the fees had

been in place for several months. Vandalism decreased both in rate and severity. Some on-site mechanism for monitoring and enforcing compliance in fee payment is often needed. Such enforcement may be associated with reduced vandalism, but it also has the advantages of increasing revenues and keeping the payment system more fair and equitable for all users. At a few sites with vocal opposition to fees, vandalism has increased, apparently as a method of protesting the new fees.

One important aspect of fees that is unrelated to the generation of revenues is that fees, in most instances, provide a point of contact with the "ranger" or comparable recreation professional. Shoppers become frustrated when there are no clerks available to answer questions. Recreation users often have the same need for a point of human contact. Fee collection at an entrance kiosk provides the kind of personalized contact with the agency personnel that allows visitors can ask questions, obtain information, address security concerns and get directions. Fees can be used as a tool for personal contact, whether the fee is high or low. Price is not the issue, but the value of public contact may be diminished if the price is so high that users vent their anger at the ranger rather than have their questions answered.

The Bureau of Land Management found that volunteers who have played a major role in the development and management of a particular resource are averse to paying a fee to use the recreation site in which they have worked. For example, independent cavers located and helped inventory scattered caves in southern New Mexico. This volunteer group, adamant that the cave resources were only found and protected because of their hard work, strongly objected to paying fees in areas where they had made significant volunteer contributions. The Bureau listened to those concerns and allowed volunteers to use the cave resources without paying fees.

The USDA Forest Service has established a special team to improve startup acceptance with the public. A survey of Agency managers was completed to determine which aspects of the Business and Communication plans need to be improved. Initial findings validate the effectiveness of the initial business/communication approach and makes suggestions for further improvements. Several fee projects will be used to test the improved planning concepts.

Public Involvement Efforts

Communication with the public is an important part of the process of implementing new fees and in modifying existing fees. The agencies adopted several approaches to communicate with the public before implementing the Recreational Fee Demonstration Program, including formal communication plans, news releases, meetings with local community leaders, constituent groups and advisory councils, information leaflets, explanatory videos, open houses, public workshops, comment cards, and signs and bulletin boards. These efforts were important to the success of the Recreational Fee Demonstration Program. Increasingly important to success of the program is public information about how the revenues are being used in on-the-ground projects at the sites where people paid their fees.

In an effort to promote visitor understanding of the connection between the fees they are paying and the projects that are undertaken with the fee revenue, the National Park Service provided all participating park units with a logotype, unique to the fee demonstration program, which identifies collection points and demonstration fee-funded projects. Fee demonstration parks display the "User Fee" logotype on

signs at entrance stations, on automated fee collection equipment, in park literature and bulletin boards that publicize the Recreational Fee Demonstration Program, and on banners and signs that identify fee-funded work in progress. In FY'98, the National Park Service undertook development of a webpage on the Internet (<http://www.nps.gov/feedemo>) that offers news and information relating to the Recreational Fee Demonstration Program. The webpage features include information and photographs of fee-funded projects, and links to other related web sites.

Agencies continue to respond to public concerns expressed in a variety of ways. For example, the Bureau of Land Management implemented ideas that were expressed in public meetings, including free days for select groups, such as economically disadvantaged persons, educational institutions, and volunteers. The Bureau also includes public oversight at most of its pilot projects, and has public representatives on the governing boards of some pilot sites. The South Fork of the Snake River Management Board also includes representatives from three federal agencies, three counties, and the State of Idaho. The USDA Forest Service has established regional and local boards to make recommendations regarding regional projects.

The USDA Forest Service has found that the Recreational Fee Demonstration Program is a catalyst for working with local communities to find creative ways of accomplishing needed projects. On the Shasta-Trinity National Forest, for instance, instead of charging fees in one area, local residents volunteer to clean restrooms, collect garbage, patrol the area, and do trail work. Resort owners around Lake Shasta have formed a group that uses its own funds to help with work on and around the lake.

Efficient Use of Fee Receipts

In each agency, a small number of sites often generate a high percentage of the agency's total fee revenue. The current fixed formula, which returns at least 80 percent of fee revenue to the site in which it is generated, is key to public and agency acceptance of the Recreational Fee Demonstration Program. All of the agencies strongly believe that a substantial majority of fee revenues should be used to upgrade the sites at which they are collected. The public also expects the fee revenues to be returned to the area of collection. In every public meeting held by the Bureau of Land Management and USDA Forest Service, this concern has been expressed as a major issue. The recreating public wants to see visual improvements in infrastructure and services at their favorite recreation areas. In agency evaluations of the Recreational Fee Demonstration Program, there is strong agreement among users that fees should be used for site improvements above and beyond amounts appropriated for site management.

Nevertheless, the agencies suggest that flexibility be provided to each agency to use, *in certain situations*, more than 20 percent of fee revenues at sites other than where they were collected. Such flexibility would likely be limited to high revenue sites that collect revenues in excess of their needs, and that may in the future find themselves spending fee revenue on projects that would rank low if applied across the region or agency. In its November 1998 report, GAO also raised the issue. The agencies agree with GAO's assessment that any such change to allow greater flexibility would have to retain the incentives at fee-collecting sites, and the public support that is in large part contingent on using fee revenues on site.

There is no immediate need to modify the 80-20 formula. In fact, the agencies typically have internal

policies to retain much more than 80 percent at the collecting sites, and there is strong sentiment within the agencies that shifting funds away from local projects will substantially reduce management incentives to collect fees, and reduce the public's acceptance of those fees. Clearly identified priority lists of total funding needs at each site could help the agencies justify local spending and know when allocation of some of the funds to other sites is justified.

Implementing Recreation Fees

Implementing first time fees is much more difficult than increasing existing fees. There continues to be strong public acceptance of National Park entry fee increases, where the public was already accustomed to paying fees. It has taken the public longer to give whole-hearted support for new recreation fees in the National Park Service, USDA Forest Service and Bureau of Land Management, particularly in relatively undeveloped areas, but second year results show increasing acceptance.

In addition to slower public support, new recreation fees implemented at sites that previously did not have a charge often require initial capital expenditures for such things as road access, fencing, signs, kiosks, collection technology, ticket books, accounting systems, and reallocation of personnel. Thus, agencies and local recreation areas that do not have existing recreation fees can be expected to report high collection costs in the short run. Because most agency accounting systems are not designed to amortize these costs over the useful life of the item, one-time capital costs will inflate initial collection costs. As the agencies conduct their evaluations of the Recreational Fee Demonstration Program, they will account for these capital expenditures. Results of the second full year of the program demonstrate that collection costs decline as a percentage of revenue.

VIII. Suggestions for Legislative and Management Improvements

Make the Recreational Fee Demonstration Program Permanent

All agencies are experiencing the public's growing demands for recreation services, facilities, opportunities, and amenities. Recreation demands for services, facilities, opportunities, and amenities will continue to increase, and the resource agencies are already experiencing heavy demands for recreation services. The Recreational Fee Demonstration Program has given the participating agencies an effective mechanism for coping with current recreation demands and for preparing to meet future needs.

Permanent authority, which embodies the essential elements of the Recreational Fee Demonstration Program, would provide the agencies with the single greatest incentive to implement an effective, coordinated, fee program. It would give the agencies direct responsibility and accountability for the collection and disposition of recreation fees. It would generate additional revenues for repairing and upgrading recreation resources to meet the needs of increasing numbers of visitors. It would strengthen the agencies' ability to enter into cost-sharing or other partnership arrangements that make backlog reduction a cooperative effort.

The assurance of funding from a permanent program would allow agencies to make long-term plans for recreation development, and to implement these plans in a systematic way. It would allow the agencies to set aside funds toward expensive backlog projects that could not be funded with only one year's revenue. It would encourage agencies to invest in startup costs that could only be justified if amortized over several years. It would justify the time commitments required to design an interagency approach to more effectively integrate fees and national passes among participating agencies. And, it would allow the agencies to make more effective long-term personnel arrangements for a professional, trained fee collection staff.

Based on their experience with the Recreational Fee Demonstration Program over the last two years, the agencies recommend that a permanent fee authority provide the elements identified below. Most of these elements are embodied in the current Recreational Fee Demonstration Program, or are suggested modifications to improve the program. In addition, most of these elements were described in the agencies' FY 1997 annual report to Congress. The agencies will work with Congress to propose a permanent authority that can be implemented when authorization for the current Recreational Fee Demonstration Program expires. The FY 2000 Budget assumes that legislation will be enacted before the end of 2001 that will permanently extend the Recreational Fee Demonstration Program.

Provide For Flexibility in Implementation. Because of the variability in the types of recreation areas managed by the agencies that participate in the Recreational Fee Demonstration Program, Congress should continue to provide the agencies with flexibility to establish entrance or user fees to meet resource management goals, to set fee levels in keeping with recreation use levels, and to institute the fees using a variety of fee collection approaches. The same flexibility should apply whether the agencies are working collectively on joint fee arrangements or implementing their own fee projects.

Recognize the Importance of Incentives. The incentives built into the Recreational Fee Demonstration Program are essential to long-term success of the fee program. These incentives promote agency efforts to collect fees, and they also promote public acceptance of the fees. One incentive is the provision that funds collected become immediately available to the agencies without further appropriation, as an addition to, rather than a replacement for, appropriated funding. This provision is critical to the agencies. It gives managers a strong incentive to institute an effective fee program because fee collection becomes a means for improving recreation resource management. The second incentive is the provision that the majority of the fee revenues stay at the site in which they were collected, and that they be used to improve the recreation resources of the site. This feature is critical for public acceptance of the fees, and it gives resource managers a strong incentive to make the fee system work, both for the public and for recreation resources.

The authority should not be complicated by revenue schedules, targets, and goals, or strategies to adjust the revenue levels for inflation. These are deterrents and unwieldy obstacles that distract and constrain the creativity, efficiency, and ultimate success of recreation site managers in providing quality and safe experiences for the recreating public.

Address Efficient Use of Fees. The agencies should have the ability, in unusual circumstances, to allocate more than 20 percent of revenues to regional and national agency priorities. Agencies now retain most if not all of the revenues in the site in which they were generated, and feel strongly that this provision is key to the success of the fee program. However, there should be some legislative provision that allows agencies to address future inequities that may result if high-revenue sites generate more revenue than can be used effectively on local high priority uses.

Inequities may also result from current or potential legislation that would prohibit fee collection in certain sites. The inability to collect recreation fees would place units at a distinct disadvantage. Congress should consider removing any existing legislative prohibitions on fee collection at recreation sites where fee collection is currently prohibited. By keeping a broad base of areas available for fee collection, it might actually be possible to keep prices low across an agency and still increase overall revenues.

Support Partnerships And Joint Fee Arrangements. Because of the practical difficulties involved in implementing joint arrangements, agencies have moved slowly. Specific statutory authorization could help to clarify the agencies' authority to enter into multi-agency and multi-governmental fee agreements, and to pool resources for subsequent redistribution among the partner agencies and governments.

The fee managers of the four agencies have discussed approaches to a more systematic evaluation of sites with potential for cooperative fee arrangements. On January 6, 1999, the Assistant Secretary for Policy, Management and Budget of the Department of the Interior proposed an internal review of all fee demonstration sites throughout the Department to determine where coordinating and consolidating fees is feasible and appropriate.⁽⁷⁾ The USDA Forest Service will participate with the three Department of the Interior agencies in this review.

Reconcile Any New Fee Programs with Previous Statutes. There are numerous areas that have stringent legislative restrictions with regard to fee collections that resulted, in some instances, in implementation of the Recreational Fee Demonstration Program in a manner different from what was intended. For example, current law requires that recreation fee revenue generated and collected from the O&C lands in western Oregon must be deposited into the O&C account for subsequent redistribution to counties. Only a small portion of recreation fee revenues are returned to the site in which they were collected.

Another example involves legislation authorizing the USDA Forest Service to return 25 percent of recreation fees to the state in which they were collected. While this provision was retained in the original fee demonstration legislation, subsequent amendments removed the base year, implying that these Recreational Fee Demonstration Program receipts would not be included in the 25 percent payments to states in FY 1998. It would be helpful to the agencies if any future fee legislation clarified how fee

revenues are intended to be coordinated with this and other laws.

Take into Account Implementation Time. Implementation of new fees in sites that have not collected fees in the past often requires substantial local planning, assessment of comparable fees in the vicinity, assessment of the price elasticity of demand for the recreation services provided at the site, public involvement, public information efforts, new procedures for cash management and personnel safety and accountability, and capital construction of access and fee payment facilities. Some agencies are also finding that their initial expenditure programs are lagging behind the collection of fees--the time at which the monies are theoretically available. Any subsequent Congressional requirements for reporting revenues and expenditures should take into account these startup times, startup costs, and planning time requirements.

Consider Broadening the Fee Demonstration Effort. Consideration might be made to applying the Recreational Fee Demonstration Program more broadly so that it explicitly encompasses recreation-related fee programs that currently are being treated as outside the scope of the program. At this time, the fee demonstration program applies only to recreation entrance and user fees. Of all the fee programs in which the agencies currently engage, there are those that clearly can be designated recreation fees, and clearly those that are not recreation fees. In the middle are a number of public recreation activities for which the agencies currently collect fees, but which are neither clearly inside or outside the scope of the Recreational Fee Demonstration Program. Fees in the "grey area" include, for example, permits for outfitters and guides. Using fee revenues from these recreation-related activities for on-the-ground permit administration, facility, and recreation enhancements could yield direct and timely benefits for the recreating public.

Make Provision for a National, Interagency Pass. The agencies continue to support the availability of a national pass, such as the Golden Eagle, that allows access at least into the recreation sites of all four agencies participating in the Recreational Fee Demonstration Program. Joint fee arrangements offer substantial advantages to the public in terms of ease of fee paying but present a number of issues for the four agencies. Congress has pressed the agencies to evaluate and implement joint fee arrangements on a local and regional level and the agencies have instituted joint fee arrangements in several locations. The Golden Eagle passport is the equivalent of a joint fee arrangement at the national level; however, it applies only to entrance fees.

In 1998, Congress authorized a National Park passport (P.L. 105-391) that would provide entrance to all national parks. There are other agency-specific entrance passes. For example, the Emergency Wetlands Resources Act of 1986 requires the U.S. Fish and Wildlife Service to accept the Duck Stamp in lieu of entry fee into national wildlife refuges, even though the Stamp was not originally intended as an entrance pass. Thus, there are both agency-specific national passes, and general multi-agency national passes in current use. The existence of both national and agency-specific passes raises a number of important policy issues that affect how these passes are implemented.

There are several issues that legislation could help resolve. The first issue concerns the relative prices among agency-specific and national passes. With the variety of fees available -- single agency and multiple agency; national, regional, and local; single visit and seasonal -- agencies should have discretion to price the passes in a way that reflects the relative value of the different types of passes in a consistent and comparable way across agencies. In concept, a national, multi-agency pass should be

priced at a higher level than a single agency pass because it provides a higher level of benefit to the purchaser. Thus, a purchaser of a national pass would expect the Golden Eagle pass to cost more than an agency-specific pass, since it provides access to more sites.

The pricing of any national pass should take into account the levels of existing local fees. If the price of the national pass is too high relative to local fees, one would expect most people to pay local entry fees. If the price is too low, one would expect people to purchase a national pass which they would view as a bargain compared to local entry fees. In the case of the National Park passport, the price level has been established by Congress at \$50. Therefore, the price of the Golden Eagle pass may have to be adjusted to reflect its multi-agency value.

Regardless of the price at which the National Park passport is sold, there is a significant possibility that people who are not familiar with the differences among natural resource agencies will attempt to use the pass for recreation fee sites of agencies other than the National Park Service. This confusion puts the other agencies in an awkward position when they do not accept the National Park passport for entrance into the site. It would be particularly troubling for the pass holders as well, if they could have purchased a Golden Eagle pass for the same, or approximately the same, price as they paid for the National Park passport.

Another issue relates to cost sharing and revenue sharing for joint passes, such as a national Golden Eagle passport. Provision should be made to distribute the revenue from joint passes in a way that reflects the relative use of the passes by recreation visitors, as was done by Congress in P.L. 105-391 to distribute revenues from private vendor sales of Golden Eagle passes among the participating agencies.

A third issue is accounting for the different kinds of recreation experiences for which fees are charged. To avoid confusing the public, an integrated national pass must clearly address all recreation fees of the participating agencies, and state, clearly and explicitly, the fees to which it applies, the fees to which it does not apply, and all benefits such as discounts that are associated with the pass.

The agencies have begun to discuss these issues. In the January 6 memorandum (referenced earlier under Section VIII), the Department of the Interior Assistant Secretary for Policy, Management and Budget recommends coordination with the USDA Forest Service in a review of regional, national, and site-specific annual passes. Based on these discussions, the agencies will be able to offer additional recommendations to Congress at a later date on how the issues might be addressed in permanent legislation.

1. This annual report to Congress for FY 1998, and Volume I of the FY 1997 report to Congress, are available on the Internet at the following address:

<http://www.doi.gov/nrl/Recfees/RECFEESHOM.html>

2. U.S. General Accounting Office, *Recreation Fees: Demonstration Program Successful in Raising Revenues But Could Be Improved*, GAO/RCED-99-7, November, 1998. Elsewhere in this report to Congress, reference is made simply to "the GAO report," without citation.

3. Several of these joint fee projects were described in the January 31, 1998 report to Congress, covering FY 1997 activities. Additional detailed information on these projects, and on other elements of the Recreational Fee Demonstration Program, may be available from the individual participating agencies.
4. Allen L. Lundgren and David W. Lime, University of Minnesota Cooperative Park Studies Unit, *Monitoring 1997 Park Visitor Reactions to the National Park Service Recreational Fee Demonstration Program*, Research Summary No. 10, December 1997.
5. Donald R. Field, Richard S. Krannich, A.E. Luloff, and Christina Pratt, Pennsylvania State University, University of Wisconsin -- Madison, and Utah State University, *National Park Service Managers' Views Toward the Recreational Fee Demonstration Program -- 1997*, Executive Summary Number 1, October 1998.
6. This number should not be confused with the numbers on Table 3, which represent accumulation of both fee demonstration and appropriated dollars spent for fee collection, as a percent of gross revenues.
7. Memorandum from John Berry, Assistant Secretary -- Policy, Management and Budget, Department of the Interior, to the Directors of the U.S. Fish and Wildlife Service, Bureau of Land Management, and National Park Service, on the subject of Increasing Coordination of Fee Demo Sites, January 6, 1999.